United States
Department of Agriculture
Foreign Agricultural Service

Foreign Agriculture

February 1982

Boom Seen in Exports to Nigeria

Country Briefs

Australia

Wheat Exports In 1981/82 Projected At 9.5 Million Tons

Australia's wheat exports during the current marketing year (December 1981–November 1982) are expected to total about 12 million metric tons, compared with 9.5 million tons in 1980/81. Exports of this size would leave unsold carryover stocks of about 1.9 million tons. Australia's 1981/82 wheat crop is forecast at 15.5 million tons versus an output of 10.9 million tons in 1980/81. A large proportion of the 1981/82 crop already has been committed through the sale of 1 million tons to China, 1.25 million tons to Egypt, and 1 million tons to the USSR. Japan will take its normal volume of about 900,000 tons, while about 600,000 tons will go to each of the following countries, Iran, Iraq, and Indonesia.

Brazil

Plans Call for Resumption of Corn Exports by 1983

The Brazilian government's recent commitment to supply the Soviet Union with 500,000 tons of corn annually during 1983-86 has necessitated an overhaul of Brazil's price support program in order to encourage the required expansion in production. Brazil has not exported corn since 1978 and, in fact, has been importing 1 million to 2 million tons each year since then.

To stimulate corn production, the government has announced a 1982-crop support price that is above the local market price. This so-called "basic price" for corn, the equivalent of about $120 a ton, is 55 percent above last year's level. It compares with a basic price for soybeans of roughly $154 per ton, which is below the market level and represents an increase of only 43 percent over last year.

As a further reflection of the new agricultural policy, basic prices have been linked to the consumer price index to assure growers of a relatively stable return. If this index increases at the same rate during July 1981-January 1982 as it did during December 1980-June 1981 and if the dollar/cruzeiro exchange rate remains constant, harvest (March-June) prices for corn in Brazil would be about $174 a ton, substantially higher than U.S. prices early in 1982. Even if U.S. corn prices were to increase or the cruzeiro to weaken against the dollar by harvesttime, it seems likely that a significant export subsidy will be needed for Brazil to export corn at world prices in 1982.

China

Imports of U.S. Fruits and Vegetables Prohibited

In early December the Chinese government banned imports of U.S. fruits and vegetables to prevent the possible introduction of the Mediterranean fruit fly within its borders. In addition, all fruits and vegetables from countries other than the United States may be imported only with the approval of the Ministry of Agriculture and only if the necessary quarantine requirements are stated in the trade contacts. Oranges, apples, and grapes will be affected most, although the volume of China's imports is small. All such fruit and vegetable imports are either purchased by hotels or are presented as gifts by visiting relatives. The prohibition was given special stress in Hong Kong because many Hong Kong Chinese would be visiting relatives in China during the Chinese New Year (the end of January) and bringing gifts which are apt to include U.S. food items.

Mexico

Sharp Increases in Canadian Wheat Purchases Cut Into U.S. Sales

Mexican imports of Canadian wheat in 1981/82 (July-June) are estimated at 135,000 to 140,000 tons, up more than three-fourths from the previous year and six times the level in 1979/80. In contrast, U.S. exports to Mexico in 1981/82 will approximate 740,000 tons, 35 percent below a year earlier. The decline in U.S. exports is due largely to the Mexican government's decision to diversify its sources of grain supply.

CONASUPO (the Mexican government's buying agency) would like to increase its purchases of Canadian wheat in the future. But larger purchases are being thwarted by the fact that almost all Canadian wheat enters Mexico through its West Coast ports, which are not well suited for wheat imports because they normally service Mexico's wheat producing areas. Only token quantities of Canadian wheat are being delivered to Gulf ports, which are located closer to centers of consumption.

The Magazine for Business Firms Selling U.S. Farm Products Overseas

Published by
U.S. Department of Agriculture
Foreign Agricultural Service

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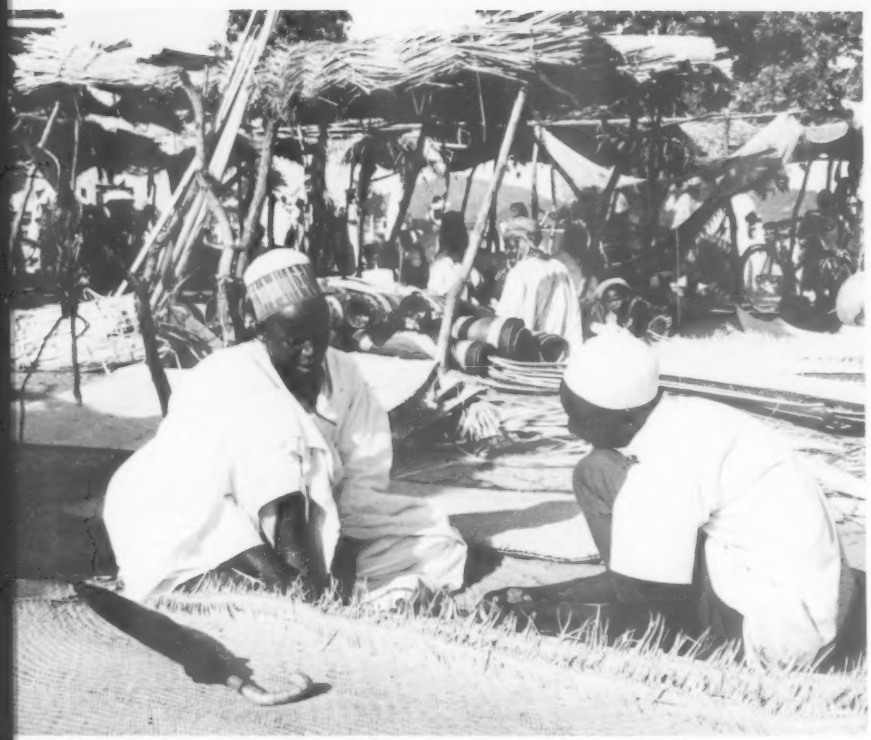
Cover: Benin Kingdom, Nigeria. An ivory mask used as a pectoral by the king (aba). Stylized heads of bearded Portuguese border the mask.

U.S. Farm Exports to Nigeria Could Hit $1 Billion by 1985

Above and right photos courtesy of the World Bank, International Development Association (IDA)



Left photo courtesy of the World Bank, International Development Association (IDA)

By George J. Pope

Nigeria, already a major market for U.S. agricultural commodities, could become a $1 billion market by 1985 if oil revenues recover from current reduced levels, the political situation remains stable, and the country continues to establish new agricultural industries in its drive to modernize the farm sector.[1]

U.S. exports of the following commodities to Nigeria are expected to increase in value between 1981 and 1985, as follows:

- Wheat—by more than 60 percent;
- Rice—by about 100 percent;
- Corn/feed grains—by more than 200 percent;
- Protein meals—by nearly sevenfold;
- Vegetable oils—by about twentyfold; and
- Processed foods—by almost 100 percent.

Nigeria, with a population of over 80 million, petroleum exports generating foreign exchange earnings of some $20 billion in 1981, and ambitious economic development plans—needs, can pay for, and wants to buy large volumes of agricultural products and inputs to upgrade the national diet and the farming sector.

Totaling only about $39 million in 1973, U.S. agricultural exports to Nigeria likely reached $500 million in 1981 and may be double that by 1985, provided planned Nigerian agribusiness investments are made on schedule.

[1] See June 1981 issue of *Foreign Agriculture* for two complementary articles on Nigeria.

Nigeria offers export opportunities, both for bulk commodities and processed foods, and for U.S. agricultural machinery, farm technology, and processing, handling, and storage equipment. Also required will be port bulk and container handling equipment, fertilizers, seeds, pesticides, and irrigating, planting, cultivating, and harvesting equipment.

U.S. Important Grain Source

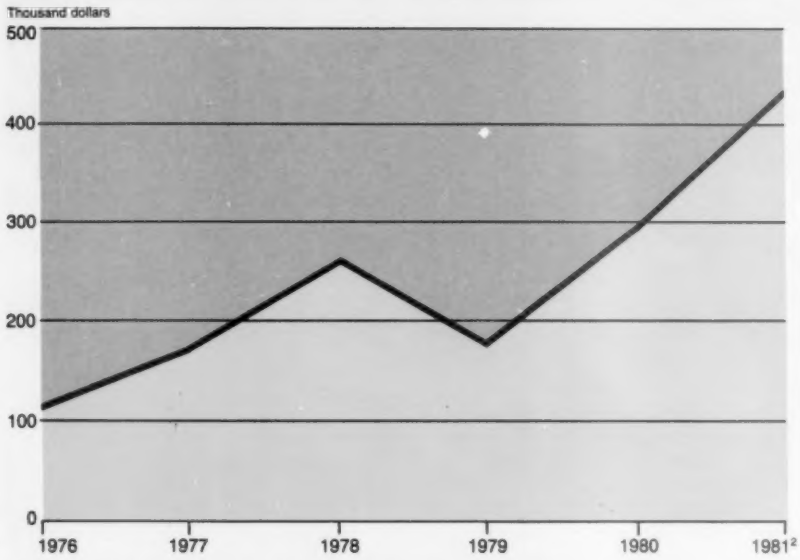
The United States is an important supplier of Nigeria's wheat imports. The volume of these imports is determined by the country's flour milling capacity. Nigeria imports sizable volumes of U.S. wheat—about 1 million tons in 1980—plus 200,000 to 300,000 tons of flour a year from the European Community for the biscuit industry. Except for specialty types of flour, imports are expected to drop in the next several years as new mills come on line and wheat imports are boosted.

Milling capacity was expected to reach 1.55 million tons in 1981, a rise of some 320,000 tons over the previous year's level, and by 1985 could reach 2.5 million tons.

The entry of rice into the Nigerian national diet is a recent development as just 10 years ago consumption was minimal. However, the combination of urbanization, strong population growth, and recent rises in incomes has resulted in an explosion in demand.

Nigeria has the potential to expand domestic rice production considerably, but this would take a relatively long time. In the meanwhile, domestic demand for imported rice will continue to climb rapidly, especially if the government institutes a more liberal import policy and market prices fall to more reasonable levels.

U.S. Grain Exports to Nigeria Register Fourfold Increase Since 1976[1]



[1]Includes wheat and wheat flour, rice, corn, grain, sorghums, barley, and oats. [2]Jan-Nov.

The United States and Thailand are the most important suppliers of Nigeria's imported rice—traditionally long-grain parboiled rice. By 1985, Nigeria's annual demand for imported rice could increase to 800,000–1,000,000 tons. This would mean the United States might export 400,000 tons of rice a year to Nigeria by 1985—and possibly more—depending on the size of Thailand's crops and exports.

Growth of feedstuff (corn, feed grains, and protein meal) markets in Nigeria is tied directly to expansion of poultry production. All recent signs indicate that Nigeria could develop a huge poultry sector.

If Nigerians were to double their average intake of poultry-based protein to 4 grams a day, the commercial poultry flock could be boosted to 60 million layers—about 400 percent larger than at present—with a broiler production potential of some 300 million birds a year.

U.S. Supplies Most Corn Imports

Nigeria's current feed production requirements are being met with corn imports of around 150,000 tons a year, nearly all from the United States in 1980, and protein meal and premixed concentrate imports in the 40,000 to 50,000 range from Europe. Nigeria can possibly produce significant amounts of feed corn in the so-called middle belt, but substantial corn imports would still be needed.

Projections of corn and protein requirements indicate an annual demand

for at least 750,000 tons of corn and 100,000 tons of protein meal by 1985.

In addition to poultry, other areas of the Nigerian livestock sector also could expand in the next half decade. Several studies indicate that both swine and beef operations would be profitable and joint ventures are being formed.

As recently as 12 years ago, Nigeria was a substantial exporter of vegetable oils. However, the demise of its peanut sector—once one of the world's largest—as a result of the Sahel drought in the early 1970's, crop diseases, and government neglect of the sector, accompanied by a general rise in consumer demand for vegetable oils, have caused Nigeria to become a significant importer of such oils.

Vegetable oil imports in 1981 were expected to reach 350,000 tons. At the present time, they mostly consist of bulk refined vegetables oils from Europe. These are generally mixed oils (rapeseed, soybean, and palm oils) imported through the same facilities that once handled peanut exports.

The United States has only a minimal share of the growing Nigerian vegetable oil market because European sellers, mostly oilseed crushers and refiners, can offer more competitive prices and freight rates. However, several Nigerian importers are examining the possibility of building a refinery in Nigeria to process crude vegetable oil imported from the United States. They also have asked about building a soybean crushing mill and refinery.

Assuming Nigeria decides to import crude vegetable oil, the United States should easily capture at least half of what could be a 500,000-ton a year import market by 1985.

Tallow Imports May Grow

Tallow is currently being imported only by Nigerian soap manufacturers. Present expansion plans of two major firms indicate that demand for soap-grade tallow will increase to around 50,000 tons a year by 1985 and level off. However, the demand for feed tallow will grow as the livestock sector learns to improve its feeding programs. Estimates indicate that by 1985, Nigeria will import 10,000 tons of U.S. tallow a year for its animal feed industry for a total of 60,000 tons.

The growth of the processed food sector has been sporadic during the past few years, mainly because of shifts in Nigerian import policies. Nigeria has a growing middle class, which provides the basis for the belief that processed food imports will continue to rise.

U.S. exporters wanting to trade in Nigeria will find many opportunities, but they must avoid the pitfalls connected with doing business in a developing country. Information about Nigeria is available from the U.S. Trade Office in Lagos (write U.S. Trade Office, Lagos, Nigeria, Department of State, Washington, D.C. 20520), USDA's Foreign Agricultural Service, USDA's Office of International Cooperation and Development, various chambers of commerce, international banks, private trade consultants, U.S. trade publications, and U.S. firms already established in the country.■

The author is the U.S. Agricultural Counselor, Lagos.

Secretary of Agriculture John R. Block visited four African countries January 9-20—Cameroon, the Ivory Coast, Morocco, and Nigeria. The goal of the trip was to strengthen the U.S. role as an exporter of agricultural products to these countries.

Secretary Block and Commerce Secretary Malcolm Baldrige led a group of about 65, which included other top officials of the Agriculture and Commerce Departments, and other U.S. government agencies working in foreign trade.

The group also included officers of commodity market development cooperators that work with USDA's Foreign Agricultural Service, and businessmen in agriculture and other fields.

The African countries that were visited are already sizable buyers of U.S. agricultural products. Together they bought more than $683 million worth in fiscal 1981, compared with $491 million in fiscal 1980. However, there is potential for further growth since these countries are hard-pressed to keep abreast of their domestic demand for better diets. This demand has stemmed from rising personal incomes and shifts in population from rural to urban areas.

The members of the group met with government officials, importers, and industry executives. The chief task of the agricultural members of the group was to reassure current and potential importers of U.S. agricultural products that the United States can be depended on to deliver the kind of commodities they want, and in the grades and quantities desired. They also stressed that U.S. commodities will be sold at prices that will compete with those of any other supplier country.

Nigeria to Import Agricultural Equipment, Expertise

Nigeria, a strong market for U.S. farm products, is also revealed by Nigeria's Fourth 5-Year Development Plan as a potential customer for U.S. agricultural machinery and professional expertise, as well.

The 5-Year Plan (1981-85) pays special attention to the agricultural sector which was neglected in recent years. In order to encourage investment in agriculture, restrictions have been changed recently to allow foreign ownership of up to 50 percent of agricultural facilities, and banks have been instructed to provide a priority share of their loans to the agricultural sector.

Food processing and packaging are areas where the government is encouraging investment. Thus, equipment for grain milling, commercial baking, refrigeration, freezing, and bottling equipment should be in demand. Also in demand will be technicians to install the equipment and teach operation procedures.

Growth in the economy in the next 5 years is to be divided as follows: Manufacturing, utilities, and communications, 15 percent; transport and general government, 12 percent each; housing, 8 percent; construction, 5 percent; and agriculture, including livestock, forestry, and fishing, 4 percent. Most of the remaining growth will be in the country's gross domestic product.

Nigeria's total import bill in 1980 amounted to $15.7 billion. U.S. exports to Nigeria were $1.2 billion, representing an 8-percent market share. Other large suppliers were the United Kingdom, West Germany, Japan, and France.

U.S. agricultural exports to Nigeria in fiscal 1981 totaled $503 million, up about 50 percent from those in the previous year. Although the United States maintains an agricultural trade surplus with Nigeria, it runs a substantial overall trade deficit due to large U.S. oil imports. The deficit amounted to $9.75 billion in 1980, second only to that for Japan.■

U.S. Farm Exports Hit Record High $43.8 Billion in Fiscal 1981

The value of U.S. agricultural exports reached a record high in fiscal 1981—the eleventh straight record-setting year and the twelfth consecutive year of increases. Exports total $43.8 billion, up more than $3 billion from fiscal 1980. Export volume, however, declined nearly 1 percent from the year-earlier level to 163 million metric tons, the first decrease since a 2-percent drop in fiscal 1977.

Japan remained the top country market while the only newcomer to the Top Ten was Taiwan, which replaced Spain. The two foreign markets that registered the largest percentage gains in fiscal 1981 were Mexico and South Korea. The 32-percent increase by Korea enabled it to move from seventh place in fiscal 1980 to the fourth position in fiscal 1981.

Mexico and South Korea Are Biggest Gainers Among Top Ten Country Markets for U.S. Agricultural Exports

Country of destination[1]	1980	1981	Change
	Bil. dol.	*Bil. dol.*	*Percent*
Japan	5.749	6.706	+17
Netherlands	3.440	3.171	− 8
Mexico	2.003	2.732	+36
South Korea	1.618	2.136	+32
China	1.937	2.118	+ 9
Canada	1.750	2.022	+16
West Germany	1,838	1.723	− 6
Soviet Union	1.414	1.573	+11
Italy	1.198	1.148	− 4
Taiwan	1.109	1.105	—

[1] Not adjusted for transshipments.

The Top Ten Exports

On value basis, five of the Top Ten export commodities logged increases in fiscal 1981 with corn, wheat and wheat flour, soybeans, cotton, and soybean meal retaining the first five spots. The biggest gainer, on a percentage basis, was sugar and tropical products, followed by rice, wheat and wheat flour, and corn.

Five of Top Ten U.S. Export Commodities Increase in Value

Commodity	1980	1981	Change
	Bil. dol.	*Bil. dol.*	*Percent*
Corn	7.842	8.996	+14
Wheat, wheat flour	6.555	7.965	+22
Soybeans	6.164	5.986	− 3
Cotton	3.034	2.248	−26
Soybean meal	1.642	1.596	− 3
Rice	1.171	1.538	+31
Sugar and tropical products	.817	1.372	+68
Tobacco	1.349	1.338	− 1
Grain sorghums	1.050	1.149	+ 9
Feeds and fodders[1]	1.051	1.012	− 4

[1] Includes byproducts.

On a volume basis, the individual commodities that recorded the biggest gains—percentage basis—were sugar and tropical products, barley and oats, wheat and wheat flour, and rice.

Sugar and Tropical Products Advance Most Among Top Ten U.S. Export Commodities by Volume

Commodity	1980	1981	Change
	Mil. MT	*Mil. MT*	*Percent*
Corn	61.417	59.368	− 3
Wheat, wheat flour	36.947	43.195	+17
Soybeans	23.833	19.971	−16
Grain sorghums	8.199	7.702	− 6
Soybean meal	7.174	6.139	−14
Feeds and fodders[1]	6.247	5.820	− 7
Rice	2.955	3.172	+ 7
Barley and oats	1.543	1.934	+25
Oilseeds, other than soybeans	2.498	1.666	−33
Sugar and tropical products	.804	1.395	+44

[1] Includes byproducts.

The Top Ten Exports

Japan and Corn Top the List of Leading Export Markets And Commodities in Fiscal 1981

(In million dollars)

Country	Corn	Wheat & flour	Soybeans	Cotton	Soybean meal	Rice	Sugar & trop. prod.	Tobacco	Grain sorghum	Feeds & fodders
Japan	1,982	636	1,181	483	46	—	66	237	414	126
Netherlands	255	117	1,239	1	373	13	16	72	2	555
Mexico	608	227	271	1	46	11	1	—	396	26
South Korea	356	367	145	481	4	506	7	36	9	—
China	109	1,354	136	481	—	—	—	—	—	—
Canada	73	1	82	113	85	46	201	5	—	45
West Germany	188	10	520	44	168	10	19	183	—	100
USSR	753	715	--	—	—	—	16	—	—	—
Italy	276	153	250	22	174	8	6	66	—	7
Taiwan	236	116	320	110	—	—	9	36	58	3

[1] Not adjusted for transshipments. [2] Includes byproducts.

Major Regions

On a regional basis, U.S. farm exports to Asia rose nearly $2 billion in fiscal 1981 while those to Latin America expanded by nearly $1.5 billion. Shipments to Western and Eastern Europe declined, but U.S. farm exports to Africa, Canada, the USSR, and Oceania advanced in fiscal 1981.

The major growth for U.S. agricultural exports in fiscal 1981 occurred among developed countries. Shipments to developed countries and the centrally planned economies also rose, but to a lesser extent.

U.S. Agricultural Exports to Asia, Africa Growing

(Fiscal year basis)

Region[1]	1980	1981	Change
	Bil. dol.	*Bil. dol.*	*Percent*
Western Europe	12.488	11.824	– 5
European Community[2]	9.576	8.921	– 7
Other Western Europe	2.912	2.903	—
Eastern Europe	2.446	2.056	– 16
USSR	1.515	1.706	+ 13
Asia	14.239	16.135	+ 13
West Asia	1.383	1.780	+ 29
South Asia	.795	.598	– 25
Southeast & East Asia	4.329	4.832	+ 12
Japan	5.775	6.739	+ 17
China	1.957	2.186	+ 12
Canada	1.837	2.141	+ 17
North Africa	1.261	1.514	+ 20
Other Africa	1.025	1.331	+ 30
Latin America	5.482	6.873	+ 25
Oceania	.189	.208	+ 10
Developed countries	20.289	20.912	+ 3
Less developed countries	14.275	16.928	+ 19
Centrally planned countries	5.917	5.948	+ 1

[1] Annual data are adjusted for transshipments through Canada and Western Europe. [2] Includes Greece.

U.S. Market Shares

A comparison of U.S. market shares, averaged over the past 3 years, with those of 10 years earlier reveals some significant shifts. Although the U.S. market share of agricultural commodities remained high among developed countries, the level has dropped about 12 percentage points. However, the average U.S. market share among developing countries has expanded, especially among petroleum-producing nations. The largest percentage gains for U.S. market shares occurred with the centrally planned nations.

U.S. Agricultural Exports Grow Sharply To Developing And Centrally Planned Countries

(Fiscal year basis)

Area[1]	1969-71 Average		1979-81 Average	
	Bil. dol.	*Percent*	*Bil. dol.*	*Percent*
Developed	4.4	64	20.1	52
EC-9	2.0	29	8.4	22
Japan	1.0	14	5.9	15
Other	1.4	20	5.8	15
Developing	2.3	33	13.4	35
Oil exporting	.3	4	2.6	7
Non-oil exporting	2.0	29	10.8	28
Centrally planned	.2	3	5.2	13
USSR	—	—	1.7	4
China	—	—	1.6	4
Eastern Europe	.2	3	1.9	5
Total	**6.9**	**100**	**38.7**	**100**

[1] Not adjusted for transshipments.

Farm Trade Balance Widens; Top Imports Listed

While the value of U.S. agricultural imports remained virtually the same between fiscal year 1980 and 1981, the gain in U.S. farm exports delivered a favorable trade balance of $3.4 billion for the United States in fiscal 1981. Another advance in the trade balance is projected for this fiscal year.

Among the competitive imports, four of the seven selected commodities declined in volume during fiscal 1981. The only ones to increase were cheese, vegetable oils and waxes, and wines. Among the noncompetitive items, five of the eight selected commodities increased in volume during the past fiscal year.

U.S. Agricultural Trade Balance

(In billion dollars)

Item	1980	1981
Exports	40.48	43.8
Imports	17.27	17.2
Trade balance	23.21	26.6

U.S. Agricultural Imports Listed By Volume of Selected Commodities

(In 1,000 metric tons)

Commodity	1980	1981
Competitive		
Cheese	104	113
Meat, meat products	912	905
Sugar, cane, beet	3,920	3,746
Tobacco	169	160
Tomatoes, fresh	303	244
Vegetable oils, waxes	649	831
Wine[1]	383	414
Noncompetitive		
Bananas, plantains	2,424	2,544
Cocoa beans	140	246
Cocoa products	175	184
Coffee, green	1,105	987
Coffee, processed	46	38
Rubber and allied gums	629	627
Spices	71	78
Tea	86	87

[1] Million liters.

Larger Durum Imports By Mediterranean Countries Boost U.S. Export Prospects

Above and right photos courtesy of the World Bank, International Development Association (IDA)

By Frank J. Piason

Aided by increased Mediterranean country imports, U.S. durum exports are forecast to rebound to at least 2.2 million tons in 1981/82, up more than a third from 1980/81's 1.6 million tons. In addition to larger sales to Tunisia, Morocco, Algeria, and Italy, other shipments have been made to such nontraditional markets as Brazil and Kenya.

One bright spot for U.S. durum producers is that should sales continue strong, durum prices could show some uptrend from the currently low levels.

For U.S. durum producers, 1981 was not a particularly good year. The United States had a record durum crop of 5.0 million tons, which in itself is not disappointing, but Canada also produced a large durum crop—2.7 million tons.

These larger supplies depressed U.S. durum prices to an average level of $100 per ton lower than those of a year earlier. To make up for the depressed prices, durum producers are looking increasingly to overseas markets, particularly at the countries of the Mediterranean, whose own short crops may

necessitate larger durum imports, perhaps as much as 3.5 million tons.

Four Mediterranean Countries Account For Half Globe's Durum Imports

Over the past decade, four countries—Algeria, Italy, Tunisia, and Morocco—have accounted for about one-half of world durum imports and much of the year-to-year swings in durum trade. Durum is much in demand in these countries for traditional dishes such as pasta and couscous.

Durum imports by these countries in 1981/82 are currently expected to increase by 775,000 tons over the preceding year to 2.9 million tons, primarily as a result of increased export availabilities in supplier countries, lower prices, and reduced domestic crops brought on by continued dryness in the region.

An in depth look at the four major producers and importers of Durum in the Mediterranean region follows.

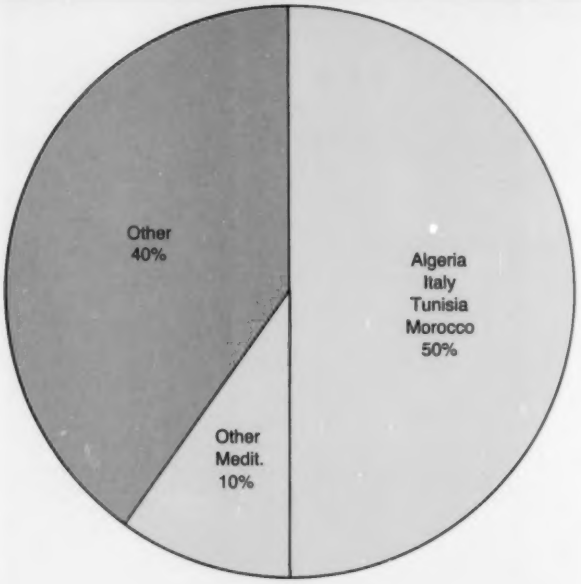
Algeria. Wheat production in Algeria is currently forecast at 1.3 million tons, of which 800,000 tons are durum. Both these figures are down somewhat from earlier estimates and import levels are expected to be raised accordingly.

Algeria is the largest importer of durum and in 1981/82 is expected to purchase 1.4 million tons, compared with more traditional levels of 1.1 million tons. Thus far, Algeria has also purchased 500,000 tons of semolina—from Italy (390,000 tons), Spain (80,000 tons), and Greece (30,000 tons). Some of this reportedly was Greek durum held in European Community intervention stocks and was purchased at an unusually low price.

Algeria has a long-term agreement to purchase 50,000–100,000 tons of durum annually from Argentina, and is also expected to purchase several hundred thousand tons from Canada.

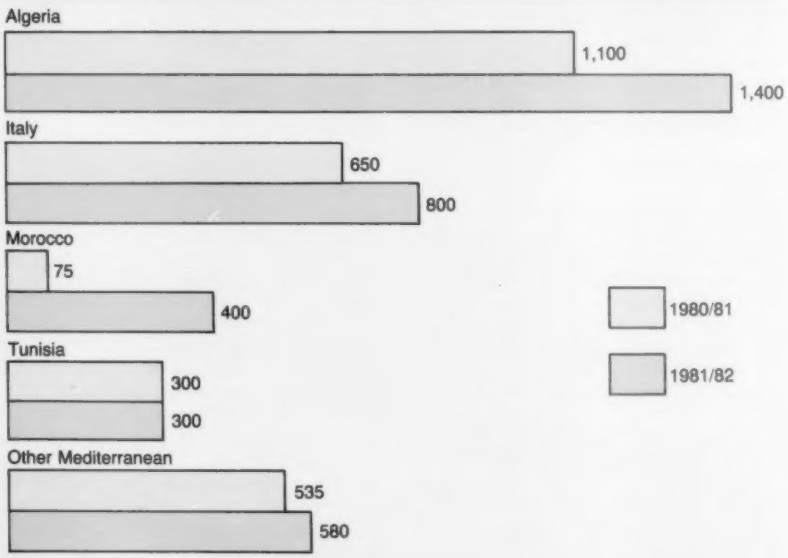
Mediterranean Share of U.S. Durum Export Sales, 1981/82[1]

[1]First 7 months of U.S. marketing year, June-December 1981.



Durum Imports by Mediterranean Countries[1]

(In thousand metric tons)



[1]July-June

U.S. durum export prospects to Algeria appear quite good, and could well exceed 400,000 tons, up nearly four fifths from the 225,000 tons of 1980/81. Export sales from June 1-December 17 were 536,000 tons, of which 398,000 tons were of durum. Final U.S. exports, however, will depend on Canadian export availabilities.

Italy. Italian wheat production for 1981 is now estimated at 8.5 million tons, 7 percent lower than a year earlier. Drought in Sicily has cut the durum wheat estimate to 3.3 million tons—10 percent below the record 1980 crop.

During 1980/81 (August-July), Italy imported 656,000 tons of durum. The United States supplied roughly one-fourth of the amount—154,000 tons—with the remainder coming from Canada.

Total durum imports in 1981/82 are forecast at 666,000 tons, but this amount could well rise, depending on the additional wheat imports required to meet Italy's expanding exports of wheat flour, semolina, and pasta.

Italy's exports of semolina in 1980/81 reached 406,000 tons and were shipped primarily to Libya and Algeria. Exports of 190,000 tons of pasta went mostly to EC destinations, but some uptrend has been noticeable in the U.S. market and elsewhere.

Export Prospects Bright

This year, Italy's prospects for exports are somewhat brighter. Algeria has already purchased 390,000 tons of semolina and there is also some expectation of additional sales to the Soviet Union of pasta (one substantial sale was reportedly made in December) or even semolina. Should substantial sales materialize, Italy's exports of semolina could reach 800,000 tons in 1981/82.

June 1-December 17 export sales of U.S. wheat to Italy totaled 818,000 tons, of which roughly 383,000 tons were durum.

Morocco. Wheat production in Morocco for 1981 was estimated at only 907,000 tons, of which roughly 70 percent—627,000 tons—was durum. This was substantially lower than the 1.8 million tons (including 1.3 million tons of durum) produced in 1980.

To compensate for this small outturn, Morocco has boosted imports. About 2.0 million tons of wheat were imported in 1980/81, of which durum accounted for 75,000 tons. The primary suppliers were France (41,000 tons), the United States (20,000 tons), and Argentina (14,000 tons).

Monthly Import Levels Raised

To cope with the great increase in imports, Morocco last spring undertook strong efforts to step up port unloading and, as a result, was able to boost monthly import levels substantially over those of recent years.

For 1981/82, Morocco's wheat imports are expected to be even greater—2.4 million tons, including a possible record 400,000 tons of durum. The larger imports are likely because farm and rural silo stocks are down to virtually nothing. Even if increased imports fail to materialize in 1982, there is the possibility that a continuation of the long-term stagnation in durum production levels in the face of sizable gains in consumption because of the rapidly increasing population will result in Morocco's becoming a steady durum importer in the mid-1980s.

Although the United States could face stiff competition from Canada in supplying some of this amount, Canada's export availabilities were already tight by October 1981 owing to other commitments to the USSR and Algeria. France has agreed to supply Morocco with 800,000 tons of wheat annually on special credit terms, but none of this amount is expected to be of durum.

U.S. wheat export sales to Morocco during June 1-December 17 were 691,000 tons, of which less than 3 percent—19,300 tons—were of durum.

Tunisia. Dry weather in the central and, to some extent, northern regions of Tunisia is the primary cause behind a one-fifth reduction in the country's 1981 wheat estimate from 1 million to 800,000 tons. The durum production estimate has been reduced roughly a fourth to 600,000 tons from 812,000 tons.

Consequently, Tunisia's wheat import prospects for 1981/82 are expected to be higher than previously anticipated. Imports could reach 800,000 tons, with durum accounting for perhaps 300,000 tons of this amount. All of the tonnage will be wheat, as little or no flour has been imported in recent years.

Because of lower durum prices, Tunisia took its 1981 Public Law 480 allocation in durum, rather than bread-type wheat. All 101,700 tons of U.S. wheat export sales to Tunisia during June 1-December 17 were of durum.■

The author is an agricultural economist, Grain and Feed Division, FAS. This article is the result of a fact-finding trip to Algeria, Tunisia, Italy, and Morocco.

Morocco and Tunisia Troubled By Grain Storage Problems

By Omar Amrhar

Tunisian and Moroccan grain handling and storage methods are beginning to weaken under the load imposed by larger imports, and, in view of the recent drought, flaws in the systems may have a dampening effect on the increased imports needed to meet the immediate shortages. Both countries are in the process of reexamining these systems, seeking ways to improve them.

Between 1976 and 1980, U.S. grain exports to Morocco averaged about 522,000 metric tons a year, and to Tunisia about 249,000 tons. Morocco's grain imports from all sources averaged about 1.6 million tons a year and Tunisia's 618,000 tons. Thus, the United States provided 32 percent of Morocco's grain imports during the period and 40 percent of Tunisia's.

Grain storage, handling, and distribution in both countries are supervised by government agencies, which also direct the countries' grain purchasing systems. Farm storage is generally primitive and free of official control. Most of the grain sold in both countries does not reach commercial channels. Small-scale farmers prefer to sell their grain at local public markets, held weekly.

Terminal elevators—and mills—receive domestic cereals directly from collection centers. Imported wheat is discharged at the port and delivered to elevators or mills for storage and distribution.

Inability of port facilities to handle incoming supplies at high speeds often results in ship layovers. Shortages of trucks and railcars result in delayed deliveries to mills and terminals.

Because European wheats have a high moisture content, it is delivered directly from the port to the mills for immediate processing. Most of the wheat for storage or deferred delivery to mills comes from the United States or Canada.

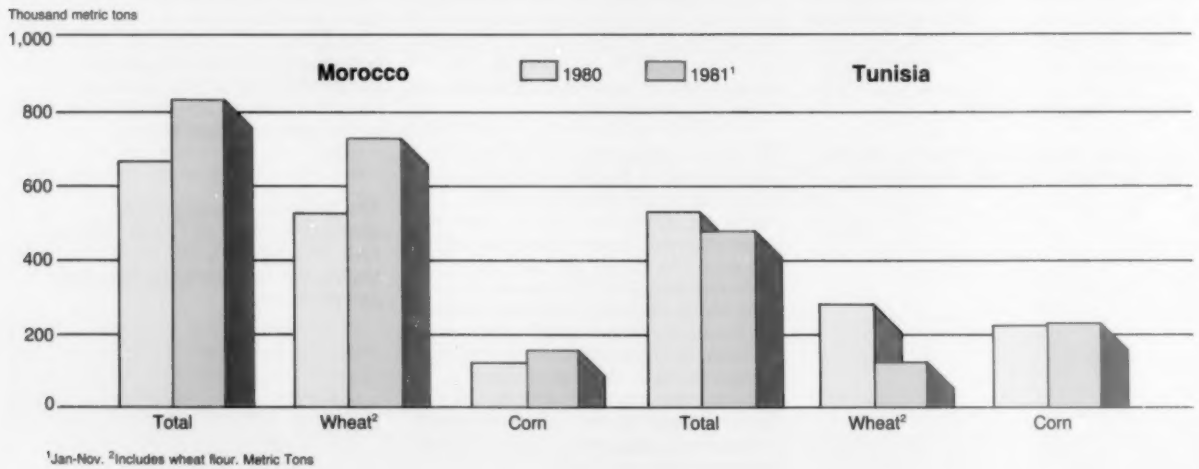
Tunisia Cooperatives Have Role

Prior to Tunisia's independence from France in 1956 and until 1962—when the Tunisian Cereals Office was created—the country's grain marketing system was almost entirely operated by cooperatives. A small group of traders also bought and sold pulses and other farm products.

Cooperatives continue to play an important role in purchasing, storing, and handling local grains, but they are now governed by Cereals Office policies and directives. The Office has barred individual traders from buying and selling cereals.

Grain marketing channels in Tunisia consist of collection/purchasing centers in important production areas, terminal elevators at La Goulette (Tunis), Bizerte, and Sfax.

U.S. Corn and Wheat Exports to Morocco and Tunisia Remain Strong in Calendar 1981[1]



[1]Jan-Nov. [2]Includes wheat flour. Metric Tons

Farmers are supposed to deliver their grain to the nearest collection center. The volume of grain passing through this official market is thought to be only about 40 percent of domestic grain production. Another 25 percent passes through the parallel, uncontrolled market. The balance is kept on the farm.

Almost all the grain reaching collection centers is delivered in bags. This causes enormous handling delays, and complicates the Cereals Office's crop coordination operations during the harvest period.

Grain is stored at collection centers for short periods; however, sizable losses occur because the grain is stored in the open.

The Tunisian Cereals Office has approximately 130 collection centers, with a storage capacity of some 132,000 tons. In addition the office has 10 storage centers.

The cooperatives operate mostly in the wheat producing areas or in urban centers such as Tunis or Bizerte. Cooperative operations outside these two cities also handle fair amounts of grain.

Many of the country's grain-handling terminals are ancient, but a few are relatively new. Grain is loaded in bags in and out of these terminals by hand, and is shipped by railcar or trucks to flour mills or to storage centers in deficit areas.

According to the Cereals Office, Tunisia's available storage capacity of 600,000 tons leaves a deficit of 75,000 tons (plus an additional deficit for the storage of 20,000 tons of inputs such as seeds and fertilizer). By 1985, plans call for available storage capacity to be boosted to 700,000 tons, but this will not provide storge for the 100,000 tons of grain stored outside during the harvest.

Moroccan System Depends on Private Tradesmen

Morocco's grain handling system is similar to Tunisia's, the major difference being that Morocco's Cereals Office (ONICL) owns no grain handling facilities. Most of these are owned by the country's cooperatives.

Another difference is that licensed private traders play a major role in the grain marketing system.

They are authorized by the Cereals Office to engage in all grain marketing functions and have many of the same rights as cooperatives.

The Cereals Office establishes prices for the bread wheat, Durum wheat, barley, and corn.

Bread wheat production is limited, covering only about 20 percent of the country's flour requirements. Morocco had import requirements for a record 2.6 million tons of wheat in calendar 1981, following a severe drought that has devastated nearly 75 percent of the crops. The amount included a sizable volume of Durum.

At the present time, only about 15 percent—600,000 tons—of Morocco's total grain production reaches commercial channels. The bulk of the country's 4.5-million-ton crop is used on the farm for food, feed and seed. The balance—mainly Durum wheat—probably will move into the nonofficial, parallel market.

Morocco's grain marketing channels are organized in about the same way as Tunisia's. Most grain moves from collection/purchasing centers to terminal elevators by truck. From there, the grain moves to the mills or to local storage centers.

Some observers in the government and in the trade believe the handling system for grains must be revamped if serious food shortages are to be avoided in the future.

Port elevators often are forced to take more grain than their rated capacities. In December 1980, for example, nearly 260,000 tons of grain were stored outdoors because grain continued to flow in even after terminal elevators were full. No accurate figure is available for the amount of grain lost each year, but the Moroccan Cereals Office estimated in May 1981 that about 300,000 tons would be lost in 1981.

The port of Casablanca is often congested, but most government officials are reluctant to invest more money in port expansion.

With the installation of recently purchased pneumatic equipment, Casablanca's discharge capacity could reach a maximum of 600 tons per hour.

Various government and trade officials indicate the government will study the feasibility of building a 100,000-ton port elevator in Tangiers. But some government officials say an elevator this size is warranted only if used for food reserves in North Africa as part of a worldwide reserve plan.

Meanwhile, Morocco continues to suffer from a serious storage deficit, particularly in heavily populated urban areas. The bulk of Morocco's storage capacity is owned by the country's two cooperatives. They own 14 terminal elevators and several storage centers dispersed throughout the country for a total capacity of about 425,000 tons. The country's total storage capacity is about 625,000 tons.■

The author is a marketing specialist for U.S. Wheat Associates Inc., an FAS market development cooperator, in Casablanca.

U.S. Rice Exporters Facing Tight World Markets

By Thomas M. Slayton

With a record large U.S. crop and prospective excellent harvests in major exporting and importing countries, U.S. rice exporters are facing keen competition in world markets.

Although U.S. rice exports during the 1981/82 marketing year (Aug.-July) are expected to slip from last season's record heights, there has been some recent good news in several overseas markets.

The importance of export markets to U.S. rice producers can be illustrated by citing just a few figures.

- Approximately two-thirds of the U.S. rice crop enters export channels;
- U.S. rice exports have reached billion-dollar-a-year dimensions, with the sales volume double the level of just 10 years ago; and
- Today, 90 percent of these sales are on a commercial basis, whereas 10 years ago over half of the U.S. rice exported overseas was sold under various types of government programs.

However, the tremendous strides made in the past decade do not disguise the formidable export challenge facing the United States in the current marketing year. The U.S. crop in 1981 is estimated at an all-time high of 8.4 million metric tons, up more than one-fourth from the previous record set in 1980.

World Supply/Demand Projections

The anticipated bumper U.S. crop will coincide with improved prospects in a number of key exporting and importing countries.

This article is updated from a speech given by Mr. Slayton, agricultural economist, Grain and Feed Division (FAS), before the Arkansas Farm Bureau Federation in Hot Springs, Ark., in early December 1981.

Current projections point to a record large world rice crop of 410 million tons (rough basis) in 1981/82, a gain of 3.6 percent from 1980/81. All of the major exporting countries are expecting larger crops. It is also going to be a good production year for most of the world's major importing nations—which means that U.S. rice exporters cannot look forward to the kind of growth in demand prevailing in the past few years.

The increased world rice crop stems from an overall improvement in global yields and a record harvested area. Although rice consumption worldwide is projected to expand about 2.7 percent

in 1981/82, production would still outstrip demand, leading to projected ending stocks of about 26 million tons, compared with about 24½ million tons the previous year.

The stock buildup of about 1.2 million tons in the United States is expected to more than offset stock drawdowns in both Japan and India, which together account for about 40 percent of the world's rice stocks.

Mainly because of increased production among major importing countries, global rice demand in calendar 1982 is expected to decline about 1 million tons from the record high of 13 million tons in calendar 1981.

Gain in Korea's Crop

South Korea replaced Iran as the top U.S. rice market in 1979/80. Korea's 1980 crop—the smallest in 14 years—resulted in imports of 2.2 million tons in 1981. But Korea's 1981 crop is much improved, and imports in 1982 are estimated at about 500,000 tons.

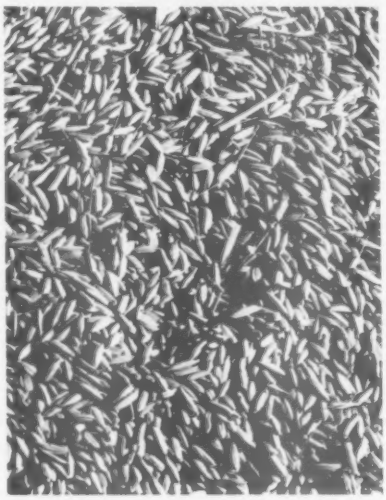
Indonesia, another major U.S. customer, has harvested a crop exceeding the year-earlier record level. As a result, Indonesia's imports will likely total no more than 700,000 tons, compared with a 1978-80 average of 2 million tons.

In the face of stiffer competition for somewhat smaller world markets, U.S. rice exports in 1981/82 are projected at about 2.8 million tons, down roughly 10 percent from the year-earlier record high of 3.03 million tons.

The Marketing Challenge

This is not the first time that the initial prospects for U.S. rice exports have appeared rather gloomy. Frequently, something happens to make the final figures look pretty good.

For example, prospects for U.S. rice exports to Italy and Nigeria have improved recently.



Italy: Because of prior export commitments and a production shortfall, Italy has been busy buying U.S. paddy rice, with total purchases registered through mid-December exceeding 200,000 tons. Some exporters see these sales topping 250,000 tons for this marketing year.

Nigeria: Despite a downturn in petroleum revenues, Nigeria has continued its steady purchases of U.S. long-grain rice. Over 125,000 tons of sales had been registered through mid-December. Nigerian rice imports are forecast to reach 600,000 tons in 1982, with the United States providing about half.

Another bright spot is the fact that Iran, formerly the top U.S. overseas customer, has resumed direct purchases of U.S. rice following a halt of 1½ years. In 1981, the Iranians bought about 100,000 tons of U.S. rice. Although that is only a fraction of Iran's former imports from the United States, it does represent a re-opening of this once key market to U.S. producers and exporters.

Budget Constraints

While P.L. 480 shipments no longer comprise a large part of U.S. rice exports, the program is still important for expanding U.S. markets in developing countries.

In fiscal 1982, the total level for P.L. 480 programs was trimmed by $237 million from the fiscal 1981 level. This reduction is in line with the administration's economic policy goals of reducing government outlays, cutting taxes, and curbing inflation.

For the Title I and III program, which is the P.L. 480 program most concerned with export market development, some $694 million is available for commodity programming in fiscal 1982. This is a reduction of $122 million from the year-earlier level. However, with the lower rice prices, the quantity of rice expected to be programmed in fiscal 1982 is 262,000 tons, nearly equal to the 270,000-ton level in fiscal 1981.

Trade Issues

While there is still considerable U.S. concern over Japan's continued subsidies for its rice exports, some gradual improvement in that situation has been made.

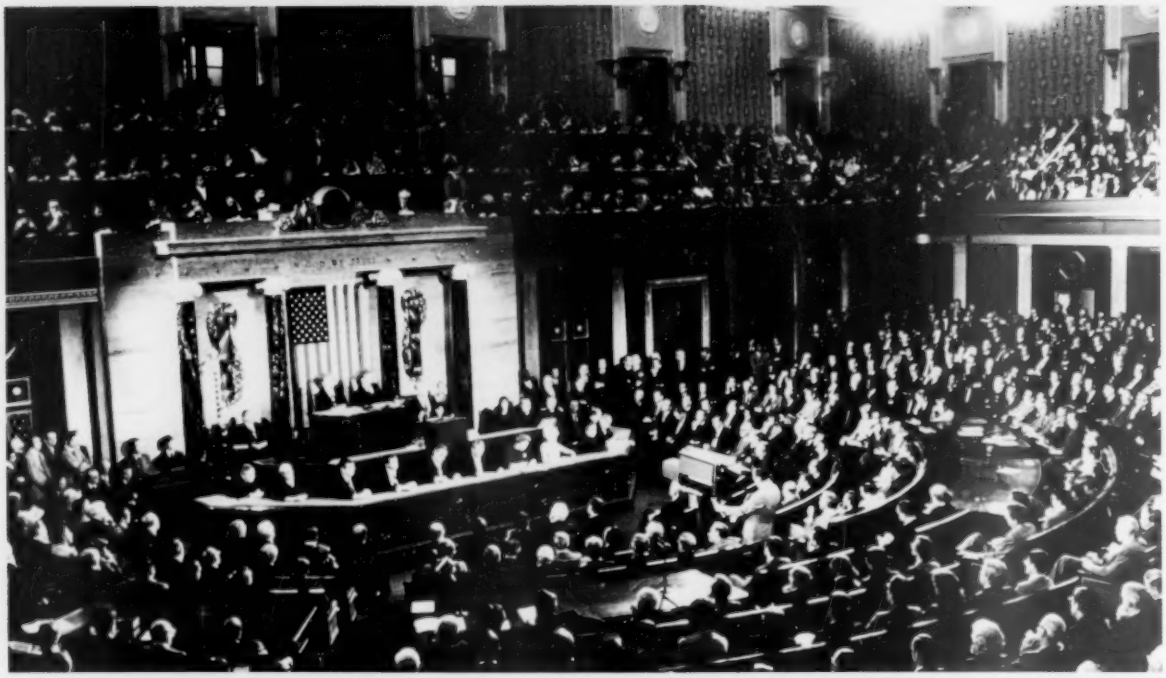
Japan's rice stocks have been reduced considerably in the past 3 years. The Japanese still have a high stock level, but they are bringing the total down. They have also introduced some measures to try to reduce the area that is devoted to rice production.

U.S., Japan Sign Agreement

The fact that the Japanese were willing to sign an agreement with the United States indicates their desire to minimize the adverse impact of oversupply on the world market. The U.S.-Japan Understanding on Rice was developed by the two countries in April 1980.

Other problem areas include efforts by the EC to reclassify parboiled brown rice to a higher levy category, and the subsidization of rice exports by Taiwan.■

The New Farm Bill: What It Says About Agricultural Trade



When signing the Agricultural and Food Act of 1981 last December, President Reagan laid great stress on the bill's export provisions. In his words, "The Agricultural and Food Act of 1981 recognizes the importance of the marketplace and emphasizes the great export potential of American agriculture. This bill will help farmers expand foreign markets and enhance our already positive agricultural balance of trade. I would like to challenge America's agricultural community to take full advantage of these export incentive provisions. I believe we can increase our agricultural exports 42 percent by 1984. That would mean $64 billion in agricultural trade—an increase of $19 billion pouring directly into our agricultural economy."

By Tom Kay

Several titles of the Agriculture and Food Act of 1981 (Public Law 97-98) are concerned with either the import or export of agricultural products by the United States. Highlights of the key features relating to agricultural trade are given below:

Call for limitations on casein imports

In Title I, pertaining to the dairy program, Congress states its belief that casein imports are materially interfering with the operation of the dairy price support program and that a limit should be established under Section 22 of the Agricultural Adjustment Act, to keep future imports from exceeding the average level for the 5-year period preceding 1981. This title also requires that this language be transmitted to the Chairman of the International Trade Commission (ITC) to be made part of the record of the present investigation by the ITC into casein imports.

Controls on meat imports codified

Title XI, which relates to a number of miscellaneous matters, codifies the requirements for imported meat products entering the United States, including residue and species identification. It also mandates certain practices which up until now have been a part of the administrative regulations of USDA's Food Safety and Inspection Service, but weren't actually required by law.

Specifically, Section 20 of the Federal Meat Inspection Act (7 U.S.C. 620) was amended to include the following subsection:

"Notwithstanding any other provision of law, all carcasses, parts of carcasses, meat and meat food products of cattle, sheep, swine, goats, horses, mules, or other equines which are capable of use as human food offered for importation into the United States shall be subject to the inspection, sanitary, quality, species verification, and residue standards applied to products produced within the United States. Any such imported meat articles that

do not meet such standards shall not be permitted entry into the United States."

"The Secretary of Agriculture shall enforce this provision through the imposition of random inspections for such species verification and residues and by random sampling and testing of internal organs and fat of the carcasses for residues at the point of slaughter by the exporting country in accordance with methods approved by the Secretary."

"The Secretary may issue such regulations as are necessary to carry out the provision of this subsection. The provisions of the subsection shall become effective 6 months after the date of enactment of this title."

Embargo protection

Title XII, the section of the bill relating specifically to agricultural exports, requires the Secretary of Agriculture to provide embargo protection for farmers affected by a "selective" embargo on agriculture where the embargoed country purchases more than 3 percent of the total value sold overseas by the United States. Compensation is to be by either or both of the following methods: (1) direct payment of the difference between the post-embargo price and 100 percent of parity, or (2) a loan rate of 100 percent of parity.

Advance planning to alleviate embargo impacts

The Secretary was also directed to develop a comprehensive contingency plan to alleviate the adverse impact of agricultural embargoes on farmers, elevator operators, common carriers, and agricultural exporters.

The plan is to include: (1) a study of the responsiveness of existing farm programs to embargoes, (2) a study of the information needed to evaluate the impact of an embargo; and (3) the development of criteria to determine the appropriate extent of compensatory measures. The Secretary is also required to develop a plan to implement the payments required under the protection plan.

Agricultural export credit revolving fund

Title XII also established a revolving fund to finance agricultural exports through direct credits for up to 3 years, to finance exports of breeding animals through intermediate term credits (3 to 10 years), and to finance the improvement of importing countries' capacity for handling, marketing, processing, storing, or distributing agricultural products from the United States (also for intermediate term credits). However, no funds for such an export credit program were approved.

Special standby export subsidy program

Congress directed the Secretary to develop a plan to use Commodity Credit Corporation (CCC) authority to establish a standby export subsidy program designed to neutralize effects of foreign export subsidies. However, such a program may not be implemented for cotton.

Congressional consulation in bilateral commodity agreements

In Title XII, the President was "encouraged" to notify and consult with the appropriate committees of Congress to outline the terms and reasons for entering into any bilateral agreement (other than a treaty) which assures access by a foreign country to U.S. agricultural products and commodities.

Consultation on grain marketing

The Secretary of Agriculture was also encouraged to consult with other major grain exporting nations to develop a more orderly system of marketing grain and achieve a higher farm income for grain producers.

Expansion of international markets

In Title XII, Congress endorsed the expansion of U.S. agricultural exports and market development efforts, recommending that the Secretary implement an intermediate term credit program and revolving fund, expand the number of agricultural trade offices overseas, fill the Japanese beef quota, emphasize exports of processed products, implement a market development program for forestry product exports; insure that GATT agreements for duty-free bindings on soybean and corn gluten imports are kept, increase exports of beef and citrus to Japan, and establish a standby subsidy fund.

Reauthorization of Public Law 480 program

Subtitle B of Title XII extended the authorization for the Public Law 480 program until 1985, with the following changes: (1) distilled spirits or other alcoholic beverages may be included in market development activities; (2) reducing illiteracy and improving the health of rural poor are added to the existing objectives of Title I self-help measures; and (3) invitations to bid are required for all Title I purchases.

Increased use of protein byproducts of alcohol fuel production

The Secretary was required to investigate the potential for using protein byproducts from fuel alcohol production under the P.L. 480 program, and under domestic donation programs. The Secretary is to report to Congress by January 1983.

Protein byproducts of fuel alcohol production were exempted by Congress from requirements that purchases of processed food for domestic and foreign donation must contain at least 50 percent by weight of grain.

For more information

Copies of the Agriculture and Food Act of 1981, P.L. 97-98, may be obtained through either the House or Senate Document Rooms or by requesting one from your Congressman or Senator.

The author is the congressional liaison officer, FAS.

Size of Indian Wheat Crop Key to U.S. Exports

By Maurice R. Landes

During 1981, India returned to the world market as a purchaser of wheat, making its first significant purchase of U.S. wheat since 1977. Whether U.S. wheat exporters can look forward to more business from India in 1982 depends on India's 1982/83 wheat crop and open market wheat prices, which strongly affect procurement levels.

Purchases during 1981 totaled 2.3 million tons, including 1.57 million from the United States and 750,000 tons from Australia.

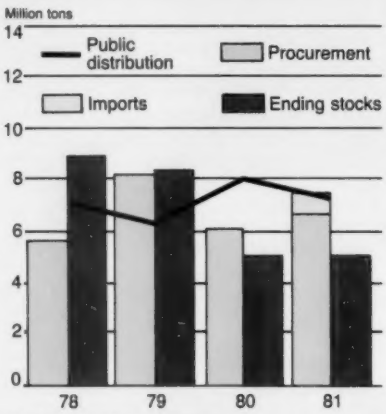
These purchases are now expected to complete India's buying for the 1981/82 marketing year (April-March) and are lower than earlier estimates, which called for a total of 3-4 million tons of wheat imports. India's wheat supply situation will remain tight, however, and there is some possibility of additional imports during 1982/83.

India re-entered the world market in 1981 because the severe 1979 drought led to a sharp reduction in cereal production and in government stocks during 1980/81. The government's 1981 domestic wheat procurement effort then failed—despite a record 1981/82 crop—to provide enough wheat to both rebuild stocks and meet the needs of the public distribution system.

The 1981 procurement campaign, which netted only 6.5 million tons out of a targeted 9.5 million, was hampered by high open market prices that were largely the result of very low government stock levels.

Earlier estimates had called for more wheat imports than are currently expected because of the low stock position and the expectation that the early withdrawal of the 1981 monsoon would retard plantings for the 1982/83 wheat crop. However, widespread post-monsoon rains in the major wheat-producing areas of Punjab, Haryana, and western Uttar Pradesh during early November have now brightened the outlook for the 1982/83 wheat harvest.

India Turns to Wheat Imports As Supplies Fall Short in 1981



*Excludes Food-for-Work Program.
Sources: Government of India, ERS estimates

Additional imports during 1982 remain a possibility because even with the already announced imports, government stock levels will remain low by recent historical standards. These low stock levels may again hamper the government's ability to control open market prices and have a successful procurement effort in 1982.

At this point, Indian officials are expected to hold off any decision on additional imports until there is a clearer picture of the prospects for the 1982/83 wheat harvest and procurement during April-May 1982.

Key factors in the outlook will be the projected size of the 1982/83 wheat crop in the surplus areas of northwestern India and the level of open market wheat prices compared with the procurement price to be fixed by the government in early 1982. Wheat procurement methods rely heavily on open market purchases from producers and traders and, as a result, on the competitiveness of the procurement price with open market prices and price expectations. A 1982 procurement total of less than 8 million tons will likely necessitate additional wheat imports to preserve the government's stock position.

India's tight foreign exchange position and domestic political sensitivities to food grain imports will continue to be moderating factors in the government's decision to import more wheat. These factors are likely to prevent large-scale imports for the purpose of rebuilding stocks to the size of those held during the 1976-78 period.

The outlook for government rice supplies now appears to be more comfortable than for wheat, despite damage to the 1981/82 rice crop caused by the early withdrawal of the 1981 monsoon.

Poor late season rainfall across the rice-producing areas of northern India has led to a drop in the forecast production from 55 million tons to 52 million tons. But the rice crop in key surplus producing areas—Punjab, Haryana, and western Uttar Pradesh—has turned out to be better than expected because of reduced incidence of disease. As a result, the current rice procurement campaign has been very successful.

The rice procurement effort, which has relied heavily on stiff levies on rice millers as opposed to open market purchases, is now expected to net a record or near-record total of 6 to 6.5 million tons. This should be enough to meet the needs of the public distribution system and leave some surplus for either stock building or exports. India has become an important exporter of rice in recent years; 1981 exports were projected at 1 million tons.■

Mr. Landes is an agricultural economist, International Economics Division, Economic Research Service.

Trade Briefs

Argentines Sign Grain Pact With Algeria

A touring Argentine Grain Board team has signed a 5-year grain supply agreement with Algeria, providing for annual sales of 50,000 to 100,000 metric tons of Durum wheat and 100,000 tons of bread wheat at market prices. During the first year, which corresponds to the 1981/82 (December/November) Argentine wheat marketing season, Algeria will take 100,000 tons of Durum and 100,000 tons of bread wheat. In recent years, Algeria has relied mainly on the United States, Canada, and the European Community for its wheat imports.

Australia-China Sign New Wheat Sales Agreement

Australia's Wheat Board has announced a new 3-year agreement with China calling for annual wheat sales of 1.5 to 2.5 million tons. A previous 3-year agreement, calling for yearly sales of 2.0 to 2.5 million tons, expired last November 30. The Board simultaneously announced a 1-million-ton cash sale under the new agreement, which brings Australia's wheat sales to China for delivery in 1981/82 (November/December) delivery to 1.5 million tons.

International Sugar Agreement To Be Extended For 2 More Years

The International Sugar Agreement (ISA) will be extended for 2 years beyond its scheduled expiration date of Dec. 31, 1982, and ISA members also agreed at a meeting last November to set up a committee to improve the agreement's operation through rule changes. At the same time, the International Sugar Organization, the ISA's administrative body, will holds talks with the European Community (EC) in an effort to coordinate sugar policies. EC membership in the ISA is believed to be essential for successful stabilizing of world prices.

At the November meeting, a 1982 global export quota of 12.9 million tons was approved, based on an estimate of world free-market import needs of 18.3 million tons. In calculating the global export quota, the ISA assumed the EC would stock 2 million tons as previously indicated. In actuality, however, these are only paper quotas since no country's individual quota can be less than its basic export tonnage, which together total about 15.1 million tons. The next regular meeting of ISA is scheduled for May 1982.

Egypt Adds Support For Production Facilities

The Eqyptian government reportedly has budgeted $179 million to expand its soap, detergent, and cigarette production facilities. The obvious trade implication of this action for the United States is an expansion in Egypt's tobacco and tallow import needs, plus it may also represent major project opportunities for firms manufacturing needed equipment.

South African Corn Sales To Japan at Record High

South Africa is exporting corn at record levels to Japan, replacing some U.S. exports. Larger South African supplies, attractive shipping rates, and a preference by Japanese starch manufacturers for light colored corn with high starch content underlie the increase. South African corn shipments to Japan may reach 2 million tons in 1981/82, over twice last year's level.

Uruguayan Government Action Could Lead To Wheat Imports

Government officials remain firm in their intention to do away with a price support program in Uruguay's 1982/82 marketing year and to withdraw from the wheat market, although they will retain the authority to intervenue in the market and set minimum prices if necessary. If, in fact, the government does reliquish its role as the main buyer of grain and allow domestic wheat prices to follow the world market, Uruguay could possibly import wheat within the next 3 to 5 years since the domestic cost of production tends to exceed the international price.

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